

MARITIME ADMINISTRATION

Overview: The Maritime Administration's (MARAD) mission is to promote the development and maintenance of an adequate, well-balanced U.S. merchant marine that is sufficient to carry the Nation's domestic waterborne commerce and a substantial portion of its waterborne foreign commerce, and to serve as a naval and military auxiliary in time of war or national emergency. Through the management of the Maritime Security Program, the Voluntary Intermodal Sealift Agreement Program and the Ready Reserve Force, MARAD helps support national security and strategic mobility by assuring access to ships and crews for Department of Defense mobilizations. MARAD's Education and Training Programs, through the U. S. Merchant Marine Academy and six State Maritime Schools, help provide skilled U. S. merchant marine officers, capable of serving both defense and commercial transportation needs. Through its ship disposal program, MARAD also continues to address the environmental risks posed by over 130 obsolete ships in the National Defense Reserve Fleet.

The FY 2005 budget request of \$234 million is an increase of \$10 million (4.5 percent) above the 2004 enacted funding level. The request will help eliminate the obsolete ship backlog and it will assist the U.S. Merchant Marine Academy in meeting academic accreditation.

MARITIME ADMINISTRATION BUDGET
(Dollars In Millions)

	2003 1/ Actual	2004 Enacted	2005 Request
Maritime Security Program	98	98	99
Operations & Training	95	106	109
Ship Disposal	11	16	22
Maritime Guaranteed Loans	<u>29</u>	<u>4</u>	<u>5</u>
TOTAL	233	225	234

1/ FY 2003 includes a transfer from FTA for the Port of Alaska project.



FY 2005 Budget

Operations and Training: The FY 2005 budget request includes \$109 million to support the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD operations. All three programs support national security, mobility, global connectivity, and environmental stewardship. The budget request includes \$56 million for the U.S. Merchant Marine Academy, including a continuation of \$13 million for critical capital improvement projects, \$10 million for the State Maritime Schools, and \$43 million for MARAD Operations.

Maritime Security Program: The FY 2005 budget request includes \$98.7 million for the Maritime Security Program, as authorized. This fleet consists of 47 active, militarily useful, privately owned vessels to meet national defense and other security requirements, and to maintain a U.S. presence in international commercial shipping. The Maritime Security Program, together with the Voluntary Intermodal Sealift Agreement Program and the Ready Reserve Force, assures DOD access to ships and crews during DOD mobilizations, and helps ensure the efficient flow of military cargo through commercial ports.

Ship Disposal: The FY 2005 budget request includes \$19.6 million to remove obsolete ships from the National Defense Reserve Fleet (NDRF). MARAD is required to dispose of the obsolete ships in the NDRF by 2006, but still has an inventory of over 130 vessels. MARAD continues to pursue alternative disposal methods, such as export and artificial reefing initiatives, with other Federal agencies to minimize any impact on the human and natural environment. The budget request also includes \$2 million to begin the decommissioning, removal, and disposal of the nuclear reactor and hazardous materials aboard the nuclear ship SAVANNAH.

Maritime Guaranteed Loan Program: Consistent with the Administration's intent to eliminate corporate subsidies, no funds are requested for loan guarantees. The budget request of \$4.8 million is for the administration of the existing loan guarantee portfolio.

Ready Reserve Force: The Ready Reserve Force (RRF) is funded in the Department of Defense budget, but managed by MARAD. RRF vessels were used in Operation Enduring Freedom and continue to serve in Operation Iraqi Freedom. The initial activation of the vessels for Iraqi Freedom was the fastest and most efficient sealift in U.S. history

